



Trading Update and CEO appointment

9TH July 2015

Mercer Group Ltd (NZX:MGL) is today providing a trading update for the its financial year end, 30th June 2015 (FY15). In MGL's interim report to 31st December 2014, guidance was given for the full year outturn which included:

1. Increased profitability (EBITDA) over the prior year.
2. \$3m of headroom in the banking facility by year end.
3. (The) sale of at least 12 Titan 500 slicers in the year.

As of 30th June 2015 the company had secured eight Titan 500 slicer sales. This shortfall has had a knock on effect such that the company will not meet the guidance as noted in 1 and 2 above, however its underlying revenue growth remains within previous guidance at FY14 plus a minimum of 10%. FY15 EBITDA is now forecast to lie within the range of \$600k to \$800k. A further effect of the shortfall of Titan sales has been that BNZ has agreed to waive the covenants as at 30 June 2015 and remains supportive of the company.

The Titan division remains a key part of MGL's growth strategy and its products and technology remain in demand and are well received worldwide. Developing those products and markets has taken considerable resources and while it is disappointing that the company has not achieved its targeted sales numbers, its momentum is positive.

The Board remains confident that the business is positioned for profitable growth. MGL has received confirmation that Callaghan Innovation will continue to provide funding for S-CLAVE, having achieved certain milestones this year. MGL will provide an update on Titan and S-CLAVE in its Annual Report.

To assist with the Titan division's growth, MGL has also established a working capital facility from Gresham Finance Ltd, a company owned by interests associated with director and shareholder Humphry Rolleston.

MGL is also announcing changes to its executive team. The Board of Mercer is pleased to announce that Richard Rookes has today been appointed CEO of the Mercer Group with immediate effect. This has allowed Rodger Shepherd to bring forward his resignation to today. Richard remains a director of MGL and is a manager of the Rakaia Fund, a material shareholder of MGL. The Board thanks Rodger for his leadership and efforts over the last three years.

Tobin Blathwayt will remain with the business. As previously announced, he is leaving his role as Chief Financial Officer on 31st August 2015, on which date, having also overseen the profitable outturn of MGL's Stainless Division, will become Chief Operating Officer.

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